

**LAND BOARD AGENDA ITEM
PRELIMINARY APPROVAL
March 19, 2012**

DNRC/Peebles/Lazy F6 Ranch Land Exchange

Proposal: Land exchange between the Department of Natural Resources and Conservation (DNRC) and Bob Peebles

Proponent: DNRC and Bob Peebles

Acres:

State Trust Land			
County	Legal Description	Trust	Acres
TETON	N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, Sec. 27, T24N, R7W	Western/Eastern	360
TETON	SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$ N $\frac{1}{2}$ SW $\frac{1}{4}$, Sec. 27, T24N, R7W	MSU Morrill	160
TETON	W $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 22, T24N, R7W	Western/Eastern	30
TETON	NW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 26, T24N, R7W	Western/Eastern	160
Total acres			710

Peebles / Lazy F6 Ranch		
County	Legal Description	Acres
TETON	E $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 24, T24N, R7W	260
TETON	NW $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$, SE $\frac{1}{4}$, Pt SE $\frac{1}{4}$ NE $\frac{1}{4}$ S. of Bellview Rd, Sec. 25, T24N, R7W	425.12
TETON	Pt. NE $\frac{1}{4}$ SW $\frac{1}{4}$, Pt. SW $\frac{1}{4}$ NW $\frac{1}{4}$ (Lot 2), Pt NW $\frac{1}{4}$ SW $\frac{1}{4}$ (Lot 3), W. of Bellview RD, Sec. 30, T24N, R7W	30.89
Total acres		716.01

Location: Teton County

Beneficiaries: State Normal Schools (Easter/Western) and MSU Morill

PROPOSAL:

DNRC requests preliminary approval from the Board to proceed with further evaluation of a land exchange involving land owned by Bob Peebles/Lazy F6 Ranch in Teton County, west of Choteau and State Trust land located in Teton County. Approximately 716 acres would be acquired from Peebles/Lazy F6 Ranch in exchange for approximately 710 acres of Western/Eastern and MSU Morrill Trust Lands.

PUBLIC INVOLVEMENT PROCESS AND RESULTS

In February of 2012, the proposed land exchange was scoped by DNRC. Mailings were sent to adjacent land owners, local legislators, county commissioners, other state agencies. Public notice was placed in daily and weekly news papers in the affected and adjoining counties. DNRC was identified to receive public comment. A comment received from FWP said they would support this exchange as it improves public access to state land for hunting. The Teton County Commissioners said they are ok with the proposed land exchange and did not have any comments. If preliminary approval is received, DNRC will conduct public hearings and incorporate all comments in the environmental review process, before asking the Board for final approval.

EXCHANGE CRITERIA ANALYSIS

The following preliminary review documents how the land exchange meets or exceeds the land exchange criteria and accrues benefits to the Western/Eastern and MSU Morrill Trust Beneficiaries.

1. EQUAL OR GREATER VALUE

The private land proposed for exchange is comprised of 716.01 acres of grassland that lies north and south of the Bellview Road. The southern portion of the land in Section 25 contains $\frac{3}{4}$ of a mile of Willow Creek. Based on previous Land Banking sales, the estimated value of this grazing land is \$320/acre. The estimated value of the private land offered for exchange is \$229,123.

The state trust land proposed for exchange is comprised of 710.00 acres of grassland that lies south of the Bellview Road. The north edge of Section 27 contains $\frac{3}{8}$ of a mile of the South Fork of Willow Creek and the north edge of Section 26 contains $\frac{1}{8}$ mile of Willow Creek. The estimated value of this grazing land is \$320/acre. The estimated value of the state land offered in trade is \$227,200.

Meets criteria.

2. STATE LAND BORDERING ON NAVIGABLE LAKES AND STREAMS

The private land offered in the exchange contains $\frac{3}{4}$ of a mile of frontage on Willow Creek, a perennial prairie stream.

The state trust land offered in this exchange contains no navigable rivers. It does contain $\frac{3}{8}$ mile of the South Fork of Willow Creek and $\frac{1}{8}$ mile of Willow Creek which are perennial prairie streams.

The proposed land exchange meets the land exchange criteria as the land being exchanged borders a similar body of water. The land being exchanged also provides legal access to Willow Creek, and $\frac{1}{4}$ of mile more frontage on Willow Creek.

Meets criteria.

3. EQUAL OR GREATER INCOME TO THE TRUST

The private land offered in the exchange contains 716.01 acres of grazing land that would support 184 AUM's. The state minimum grazing rental is \$7.90/AUM. Thus the projected annual income is \$1,453.60.

The state land offered in the exchange contains 710.00 acres of grazing land that will support 201 AUM's. The state minimum grazing rental is \$7.90/AUM. Thus the project annual income from grazing is \$1,587.90. Also, the state land offered for exchange contains acres that are classified as hay when cut (HWC). Section 22 contains 5.00 acres of HWC with a 9 year average of \$14.33/acre for a total return of \$71.65 per year. Section 27 contains 12.00 acres of HWC with a 9 year average of \$11.95/acre for a total return of \$143.40 per year. Section 27 contains 5.00 acres of HWC with a 9 year average of \$13.19/acre for a total return of \$65.95. The total income from the state land offered for exchange is \$1,587.90/year from grazing and \$281.00 from (HWC) for a total of \$1,868.90.

Based on productivity of the lands, the proposed land exchange does not meet the land exchange criteria of equal or greater income. The proposed land exchange will result in a loss of revenue to the state of \$415.30/year. The exchange proponent is proposing to make a contingency donation of \$4,613 to be deposited in the permanent fund. This donation would produce an annual annuity of \$415.30, over 20 years to supplement the income generated from the lands the state would receive.

Meets criteria with contingency donation.

4. EQUAL OR GREATER ACREAGE

The land exchange proposes to exchange 716.01 acres of private deeded land for 710.00 acres of state trust land.

Meets criteria.

5. CONSOLIDATION OF STATE LAND

The exchange would provide legal access to 880 acres of state land and would provide approximately one mile of county road frontage which would provide access to the above 880 acres of previously land locked state land. 680 acres of the 710 acres of state land proposed for exchange does not have legal access. Exchanging these lands would not isolate any state lands from previous legal access, and consolidates state lands.

The exchange proponent does not own 100% of the minerals on the lands proposed for exchange; therefore the proposed exchange is for surface ownership only.

Meets criteria.

6. POTENTIAL FOR LONG-TERM APPRECIATION

Grazing land with legal access in this area is appreciating rapidly. This is due to large purchases of existing ranches by out of state buyers. The proposed land exchange will create a large block of state land with legal access.

Meets criteria.

7. ACCESS

680 acres of the 710 acres of state land proposed for exchange does not have legal access. Exchanging these lands would not isolate any state lands from previous legal access.

The proposed private land exchanged would provide public access to 880 acres of state land that was previously land locked. The land exchange would create a block of state land consisting of 2,095 acres. All of this land would be accessible via the Bellview Road. Access to Willow Creek, the adjoining breaks, and uplands all provide excellent hunting and recreational opportunities.

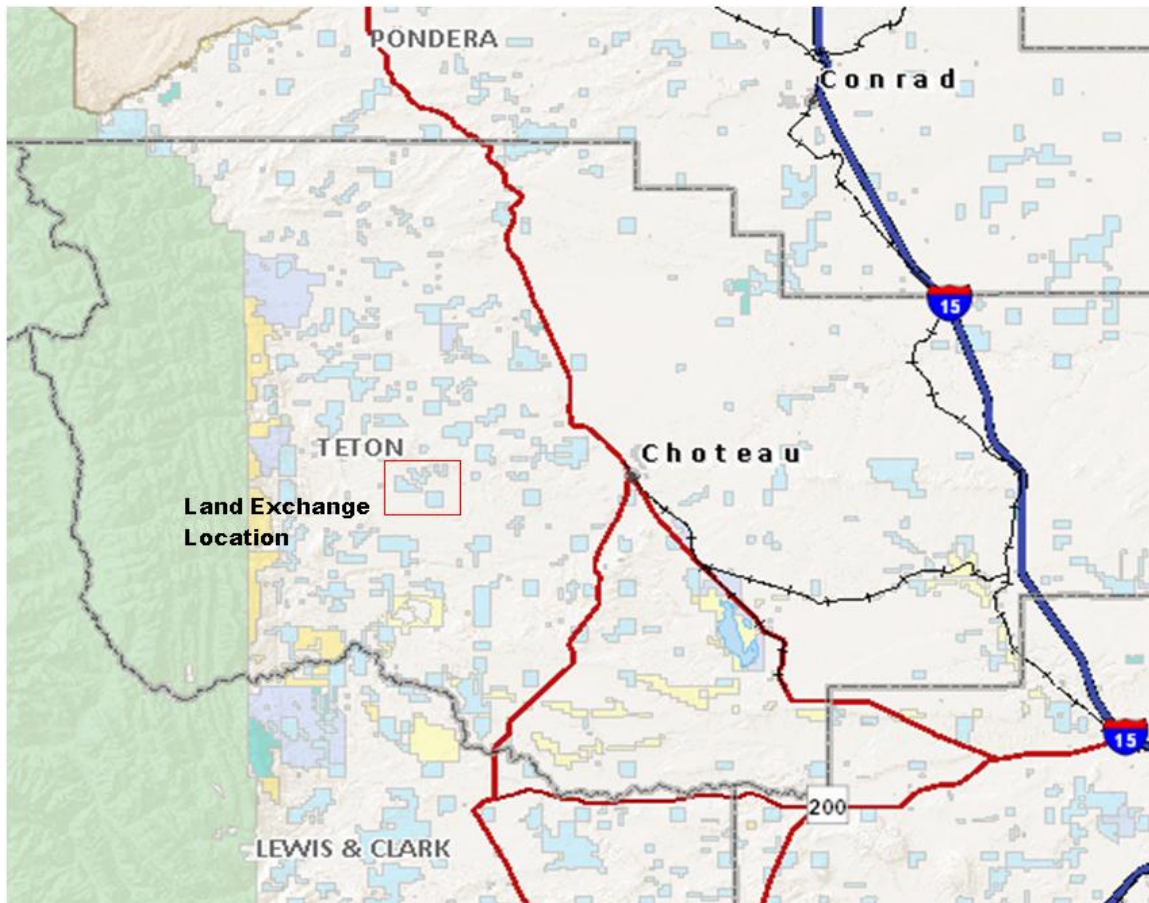
Meets criteria.

If approved by the Land Board, DNRC will contract for an appraisal, conduct cultural surveys, and environmental assessment, and solicit public comment. No public opposition is expected for the exchange.

AGENCY RECOMMENDATIONS

This land exchange meets the seven criteria set by the land board. The primary reason for the state to enter into this exchange is to consolidate land ownership and provide better access for leasing and recreational use. The Director recommends this exchange receive preliminary approval by the Land Board.

Peebles/Lazy F6 Land Exchange Location Map



Peebles/Lazy F6 Land Exchange General Map

